

Exhibit G

Aave Improvement Proposals

Aave Improvement Proposals (AIPs) describe standards for the Aave Protocol, including core protocol specifications, client APIs, and contract standards.

Proposed

AIP 37: Update to the Liquidity Mining Distribution

AIP 35: Adjust interest rate to account for APY over-approximation

AIP 33: Add FEI to Aave V2

AIP 32: Extend Liquidity Incentives for Aave v2

AIP 29: Add FRAX to Aave V2

AIP 28: Polygon Cross-chain Governance Test

AIP 27: Lower Reserve Factor for AMPL

AIP 26: Raise Maximum Interest Rate on AMPL Market

AIP 25: Extend Liquidity Incentives for Aave v2

AIP 6: Adding GUSD on AAVE

Author: **Gemini**

Status: **Implemented - Discussions- Raw**

Created: December 23, 2020 (Updated: December 22, 2020)

Simple Summary

The Gemini dollar is a cryptographic token that is issued by Gemini, strictly pegged 1:1 to the U.S. dollar, and built on the Ethereum network according to the ERC20 standard for tokens.

Abstract

Add GUSD to the AAVE V2 market.

Motivation

GUSD is an additional fiat on-ramp into the DeFi ecosystem that will help diversify fiat sources inside of AAVE markets.

Specification

GUSD can be exchanged for USD at a fixed 1:1 rate on the Gemini exchange. I have personally tested this out and was impressed with the results: withdraw of GUSD from Gemini exchange was sent within 1 minute using fast gas, and deposit back into Gemini was credited within ~17 block confirmation. It should be possible for liquidators (who are willing/able to KYC) to flip GUSD collateral directly through Gemini for the time being. GUSD also has a few trading pairs on other centralized exchanges such as OKEx, HitBTC, and ZB. I plan on submitting a

- AIP 23: Add BarnBridge (BOND) to Aave
- AIP 22: Add RAI to Aave V2
- AIP 21: Set Reserve Factors for GUSD and CRV
- AIP 20: Safety Incentives Implementation
- AIP 19: Whitelist Curve Liquidity Mining Claim
- AIP 18: Aavenomics quarterly upgrade Q2 2021
- AIP 17: Aave Grants DAO
- AIP 16: introduce Liquidity Incentives for Aave v2
- AIP 15: Upgrade Aave V1 repayment for migration tool
- AIP 14: Enable borrowing on renFIL
- AIP 13: Add renFIL support to Aave
- AIP 12: Adding AMPL on AAVE
- AIP 11: desactivation of Aave V1 stable rate borrowing

proposal to create a GUSD Curve pool in the near future as well, if this is supported by veCRV voters the on-chain liquidity for GUSD should improve substantially.

Rationale

Benefits for Aave:

Diversification of centralized assets: GUSD relies on a different issuer and custodian compared to USDC, TUSD, USDT, or BUSD. Credit, custody, or regulatory risks may be less correlated across these assets, which could reduce risk to Aave security module stakers. New DeFi on/off ramp: Gemini has good linkage with US bank wire and ACH networks, comparable to Coinbase as a fiat ramp. While Coinbase have played nice so far, it's dominance in regulated crypto liquidity and USDC on/off ramp has huge influence over the space. I see Gemini and GUSD as a viable competitor. From an industrial economics standpoint, Aave and other Defi protocols like Maker may benefit from breaking down monopolies of their key counter-parties.

Risk Analysis

The Risk Team has applied Aave's Risk Framework to GUSD leading to an overall risk rating of B-

GUSD is issued by Gemini Trust Company. It has been created for practical use in innovative applications, among which to facilitate Gemini's institutional solutions and exchange operations.

GUSD Smart contract Risk: C+

GUSD was launched in September 2018 – at the same time then USDC – yet it has only experienced 120k blockchain transactions.

The GUSD smart contract only supports 2 decimals meaning that interest accrual can only occur for more than 1 cent.

USDC Counterparty Risk: C+ cannot use as collateral (centralisation D-)

As it is backed by real US dollars, GUSD is centralised. Moreover it has few holders with most of the transactions off-chain on the centralised Gemini environment.

An independent accountant's audit report is published at the end of each month on the website. GUSD is regulated bringing trust to the token. Still, the infrastructure is based on the Ethereum blockchain where regulators have little power.

GUSD Market Risk: B -

GUSD has a small market capitalisation at less than 20m with a small trading volume. The price has diverged from 1 a few times in the last 3 months with up to 3% price variation. Given the reduced market capitalization and the possibility of market price manipulation, the oracle will fix the price of GUSD to \$1. This does not bring additional risk because the asset cannot be used as collateral and even

AIP 9:
Activation of
the Aave
Balancer Pool
Liquidity
Staking

AIP 8: Adding
BAL on AAVE

AIP 7:
~~AIP~~
Aavenomics
Quarterly
Upgrade
AIP 24: Add
PAX to Aave V2

AIP 10: Adding
xSushi on
AAVE

Implemented

AIP 6: Adding
GUSD on AAVE

AIP 5: Adding
CRV on AAVE

AIP 4:
Activation of
Aave Protocol
Governance V2

AIP 3: V1
upgrades for
seamless
transition to
AAVE v2

AIP 2:
Bootstrap of
the AAVE
Governance
Fund

AIP 1:
LEND/AAVE
migration and
activation of
the Safety
Module

if the market price swings considerably, the asset is still redeemable 1:1 for USD. The risk team will reevaluate the asset periodically to validate the viability of an actual market based oracle as the GUSD supply grows.

Risk Parameters ~ BUSD sUSD Not a collateral Reserve Factor 10%

Variable Interest Rate Model ~ BUSD sUSD UOptimal 80%

R_0 0%

R_s1 4%

R_s2 100%

References

- Whitepaper: <https://gemini.com/static/dollar/gemini-dollar-whitepaper.pdf>
- Website: <https://gemini.com/dollar>
- Twitter: <https://twitter.com/Gemini>
- Source Code: <https://github.com/gemini/dollar>
- GUSD token contract:
<https://etherscan.io/token/0x056fd409e1d7a124bd7017459dfa2f387b6d5cd>
- Accountant's reports at bottom of page: <https://gemini.com/dollar#reports>
- Trail of bits contract audit:
<https://gemini.com/static/dollar/gemini-dollar-trailofbits-audit.pdf>

Copyright

Aave Improvement Proposals (AIPs) describe standards for the Aave Protocol, including core protocol specifications, client APIs, and contract standards.

Learn about the [process here](#).

[**< AIP 5: Adding CRV on AAVE**](#)

[**AIP 7: Aavenomics Quarterly Upgrade >**](#)

AIPs

AIPs on Github

Aave Protocol

Discord

Twitter

Copyright © 2022 Aave